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C O N F I D E N T I A L SECTION 01 OF 02 SANAA 001517

SIPDIS

DEPT FOR S/CT GNOVIS AND NEA/ARP AMACDONALD  
DEPT OF TREASURY FOR FINCEN DHARRIS AND YFADL  
DEPT OF JUSTICE FOR ASSET FORFEITURE AND MONEY LAUNDERING  
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TAGS: [ECON](#) [EFIN](#) [KCRM](#) [KTFN](#) [PREL](#) [PTER](#) [SNAR](#) [YM](#)  
SUBJECT: YEMEN: ROYG PREPARES FOR MENAFATF ANTI-MONEY  
LAUNDERING AND COUNTER-TERRORISM FINANCE EVALUATION

REF: A. SANAA 259  
[1](#)B. STATE 72593

Classified By: DCM Angie Bryan for reasons 1.4(b) and (d).

[1](#)1. (U) SUMMARY: The National Anti Money Laundering Committee (NAMLC) is ramping up efforts to implement recommendations from the Middle East and North Africa Financial Action Task Force's (MENAFATF) 2008 report through the Anti Money Laundering Information Unit (AMLIU) at the Central Bank of Yemen (CBY). The lack of an effective Anti-Money Laundering (AML) and Counter-Terrorism Finance (CTF) law remains a major shortcoming of the Yemeni AML and CTF efforts. The ROYG is aware of FATF's re-assessment of Yemen in fall 2009 as part of the International Cooperation Review Group's (ICRG) review. Renewed ROYG efforts to be compliant with the MENAFATF recommendations are a positive sign, even without an active AML and CTF law. Post recommends extending training in conducting financial investigations to ROYG institutions such as the AMLIU in accordance with the 2008 MENAFATF report recommendations. END SUMMARY.

#### AMLIU RAMPS UP AML/CTF EFFORTS

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[1](#)2. (U) The Central Bank of Yemen (CBY) is ramping up efforts to implement recommendations from the Middle East and North Africa Financial Action Task Force's (MENAFATF) 2008 report. Abdo Hezam Saif, Head of the Anti-Money Laundering Information Unit (AMLIU) at the CBY, told EconOff on August 3 that the CBY has started to enact a plan to address 40 recommendations from the MENAFATF report. The AMLIU plans to 1) appoint expert people to the AMLIU, 2) assign specific tasks to the appropriate bodies, 3) prepare a comprehensive work plan, and 4) guarantee that Yemen is following international standards. The AMLIU is particularly focusing on a mechanism of exchanging information between local and international bodies.

[1](#)3. (C) Ahmed A. Ghaleb, Chairman of the Tax Authority and also head of the National Anti Money Laundering Committee (NAMLC), confirmed that the ROYG started implementing the new plan in July. He told EconOff on August 5 that the cabinet has established a supervisory committee chaired by Minister of Finance Nu'man Saleh al-Suhaibi. According to Ghaleb, Yemen's Financial Investigative Unit (FIU) (known as the AMLIU) is the weakest link in Yemen's AML and CTF capabilities. Ghaleb told EconOff that the AMLIU needs both human and material resources as well as a new mandate. He

indicated that the CBY's Governor is a major obstacle. Since losing chairmanship of the supervisory committee to the Minister of Finance, he has not participated in NAMLC activities.

#### AML/CTF LAW STILL STUCK IN COMMITTEE

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¶4. (U) The lack of an effective Anti-Money Laundering (AML) and Counter-Terrorism Finance (CTF) law remains a major shortcoming of the Yemeni AML and CTF efforts. The law, which was submitted to Parliament in 2001 and amended in 2004, is still stuck in the Constitution, Finance, and Sharia Committees. Ghaleb told EconOff that objections from the Yemeni Lawyers Association are the major roadblocks to the law. (Note: The law was written in conjunction with the IMF, UN, and World Bank to comply with international standards. End Note.) Mostafa Nassr, Chairman of the Studies and Economic Media Center, told EconOff on August 10 that pressure from international actors and Yemeni activists is mounting on Parliament.

#### ROYG AWARE OF FATF ASSESSMENT

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¶5. (U) Both NAMLC's Ahmed and AMLIU's Saif are aware of FATF's re-assessment of Yemen in fall 2009 as part of the International Cooperation Review Group's (ICRG) review of jurisdictions. (Note: Yemen was identified in an International Cooperation and Review Group (ICRG) study of jurisdictions that were having difficulty adopting and

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implementing the FATF standards (REF B). End Note.) Ahmed understood that Yemen is under review due to noncompliance with FATF's international standards. He said that Yemen is preparing for the FATF assessment by updating and transmitting its data, and recognized that Yemen has until October 2009 to submit an initial report and until April 2010 to submit a final evaluation. The NAMLC is prepared to offer its full cooperation to the regional review group as appointed by the ICRG.

#### COMMENT

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¶6. (U) Yemen continues to suffer from pervasive money laundering and terrorism finance. Renewed ROYG efforts to be compliant with the MENAFATF recommendations are a positive sign, even without an active AML and CTF law. ROYG institutions involved in AML and CTF efforts would benefit greatly from international expertise as well as material resources to combat financial support for terrorism. Post recommends extending training in conducting financial investigations to ROYG institutions such as the AMLIU in accordance with the 2008 MENAFATF report recommendations. END COMMENT.  
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